

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF COG OPERATING LLC FOR  
TWO NON-STANDARD PROJECT AREAS, TWO  
NON-STANDARD OIL SPACING AND PRORATION  
UNITS, AND APPROVAL OF NON-STANDARD  
LOCATIONS FOR TWO WELLS,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 15035**

**IN THE MATTER OF THE APPLICATION  
OF COG OPERATING LLC FOR A  
NON-STANDARD SPACING AND PRORATION  
UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 15044**

**COG's CONSOLIDATED PRE-HEARING STATEMENT**

COG Operating LLC, submits this Pre-Hearing Statement for the above referenced cases pursuant to the rules of the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

COG Operating LLC  
550 W. Texas Avenue, Suite 100  
Midland, Texas 79701

**ATTORNEY**

Michael H. Feldewert, Esq.  
Holland & Hart, LLP  
Post Office Box 2208  
Santa Fe, NM 87504-2208  
(505) 988-4421

**OPPONENT**

Yates Holdings LLP  
Post Office Box 1394  
Artesia, New Mexico 88211  
(575) 736-8575

Attn: Jim Ball

Sugarberry Oil & Gas Corporation  
5950 Cedar Springs Road, Suite 230  
Dallas, Texas 75235  
(214) 838-3000

Attn: Sue Raby

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**OPPONENT**

Devon Production Company

Inland Title, LLC

EOG Resources, Inc.

**ATTORNEY**

Jim Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Germaine R. Chappelle  
Gallagher & Kennedy  
1233 Paseo de Peralta  
Santa Fe, New Mexico 87501

Ernest L. Padilla  
Post Office Box 2523  
Santa Fe, New Mexico 87504  
(505) 988-7577

**APPLICANT'S STATEMENT OF CASE**

In Case Nos. 15044 and 15035, COG seeks to continue development of the Upper Shale portion of the Bone Spring formation underlying Sections 8 and 5 in Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, by drilling (a) four additional one-and-three-quarter mile standup horizontal wells on federal acreage from surface locations in the S/2 S/2 of Section 8 and extending into the S/2 N/2 of Section 5, and (b) one lay down horizontal well on a mixture of fee and federal acreage in the N/2 N/2 of Section 5. With the exception of the N/2 NW/4 and the NW/4 NE/4 of Section 5, the remainder of Sections 5 and 8 are subject to a single federal lease. The acreage subject to this single federal lease currently has one producing, standup horizontal well (the Gunner 8 Federal Well No. 8H, API No. 30-025-40309) that extends from the SW/4 SW/4 (Unit M) of Section 8 to the SW/4 NW/4 (Unit E) of Section 5.

In **Case No. 15035**, COG seeks approval of two additional 280-acre non-standard project areas and oil spacing and proration units on the federal acreage comprised of (i) the SW/4 NE/4 and W/2 SE/4 of Section 5, and the W/2 E/2 of Section 8, to be dedicated to the Gunner 8 Fed. Well No. 5H, with a surface location in the SW/4 SE/4 of Section 8 and a terminus in the SW/4 NE/4 of Section 5, and (ii) the SE/4 NW/4 and E/2 SW/4 of Section 5, and the E/2 W/2 of Section 8, to be initially dedicated to the Gunner 8 Fed. Well No. 6H, with a surface location in the SE/4 SW/4 of Section 8 and a terminus in the SE/4 NW/4 of Section 5. The completed interval for these proposed wells will be at a non-standard location to allow for an efficient five-well spacing pattern on this federal lease.

In **Case No. 15044**, COG seeks to create a non-standard 160-acre spacing and proration unit comprised of a mixture of fee and federal lands in the N/2 N/2 of Section 5 and pool all mineral interests in the Bone Spring formation underlying this acreage. This proposed non-standard spacing unit will be dedicated to COG's Gunner 5 Fee Com 1H Well, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 5. The completed interval for this well will be within the 330-foot standard offset required by the Division's rules. The drilling of this well will efficiently develop the reserves in the N/2 N/2 of Section 5 that are subject to both fee and federal leases.

Certain parties holding mineral interests under fee leases covering the N/2 NW/4 and the NW/4 NE/4 of Section 5 have filed objections with the Division to the creation of the two 280-acre non-standard spacing units and project areas on the federal lease that is the subject of Case No. 15035. None of these mineral owners have objected to

the proposed non-standard locations for the wells that are the subject of Case No. 15035, and none of these mineral owners hold interests in the federal lease that is the subject of Case 15035. In addition, these mineral owners have not agreed to participate in the proposed Gunner 5 Fee Com 1H Well, which is the subject of Case No. 15044 and seeks to develop the minerals in the Bone Spring formation underlying the fee and federal leases in the N/2 N/2 of Section 5.

**APPLICANT'S PROPOSED EVIDENCE**

<b><u>WITNESS</u></b>	<b><u>ESTIMATED TIME</u></b>	<b><u>EXHIBITS</u></b>
Michael Wallace – Landman	Approx. 20	Approx. 8
Andrew McCarthy – Geologist	Approx. 20	Approx. 5
Jason Miller or Jayne Krawietz – Reservoir Engineer	Approx. 20	Approx. 5

**PROCEDURAL MATTERS**

COG requests that the above referenced cases be consolidated for hearing.

Respectfully submitted,

HOLLAND & HART, LLP



Michael H. Feldewert  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421  
(505) 983-6043 Facsimile  
mfeldewert@hollandhart.com

**ATTORNEYS FOR COG OPERATING LLC.**